

December 12, 1967

the cost of mailing tapes and "voice letters" can be a genuine hardship.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, informed the Senate that Mr. O'HARA of Michigan had been appointed as a conferee in the conference on the bill (H.R. 7819) to strengthen and improve programs of assistance for elementary and secondary education by extending authority for allocation of funds to be used for education of Indian children and children in overseas dependents schools of the Department of Defense, by extending and amending the National Teacher Corps program, by providing assistance for comprehensive educational planning, and by improving programs of education for the handicapped; to improve authority for assistance to schools in federally impacted areas and areas suffering a major disaster; and for other purposes, vice Mr. HOLLAND, excused.

The message announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6167) to authorize the extension of certain naval vessel loans now in existence and a new loan, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 8338) to create a new division for the western district of Texas, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13510) to increase the basic pay for members of the uniformed services, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

- H.R. 1592. An act for the relief of Dr. Rene Jose Triay;
- H.R. 1670. An act for the relief of Dr. George H. Edler;
- H.R. 1894. An act for the relief of Our Lady of Pillar Church in Santa Ana, Calif.;
- H.R. 2138. An act to amend section 319 of the Immigration and Nationality Act to permit naturalization for certain employees of U.S. nonprofit organizations engaged in disseminating information which significantly promotes U.S. interest and for other purposes;
- H.R. 2152. An act to amend the act incorporating the Disabled American Veterans so as to provide for an annual audit of their accounts;
- H.R. 3032. An act for the relief of Mrs. Karen Wood Davila;
- H.R. 3516. An act for the relief of Andres Mauricio Candela, M.D.;
- H.R. 3525. An act for the relief of Israel Mizrahy, M.D.;
- H.R. 3528. An act for the relief of Isaac Chervony, M.D.;
- H.R. 3866. An act for the relief of Dr. Eduardo Enrique Ramos;
- H.R. 3869. An act for the relief of the Standard Meat Co.;

- H.R. 4974. An act for the relief of Dr. Manuel A. Turbat;
- H.R. 5186. An act for the relief of Dr. Armando Cabello;
- H.R. 5187. An act for the relief of Dr. Hector Alfredo E. Planas-Pina;
- H.R. 5853. An act for the relief of Raymond E. Grail;
- H.R. 6088. An act for the relief of Dr. Manuel Jose Coto;
- H.R. 6096. An act for the relief of Mrs. Inge Hemmersbach Hilton;
- H.R. 6670. An act for the relief of Dr. Virgilio A. Ganganelli Valle;
- H.R. 6766. An act for the relief of Dr. Raul Gustavo Fors Docal;
- H.R. 7890. An act for the relief of Dr. Josefina Quintos Marcelo;
- H.R. 7896. An act for the relief of Dr. José A. Rico Fernández;
- H.R. 8256. An act for the relief of Dr. Hermes Q. Cuervo;
- H.R. 8258. An act for the relief of Jorge Gabriel Lazcano, M.D.;
- H.R. 8376. An act to provide that the U.S. District Court for the Eastern District of New York shall be held at Brooklyn, N.Y., and Mineola, N.Y.;
- H.R. 8407. An act for the relief of Dr. Raquel Maria Cruz-Flores;
- H.R. 8738. An act for the relief of Guillermo Ramon Palacio Sela;
- H.R. 9081. An act for the relief of Dr. Josefina Esther Kouri-Barreto de Pelleya;
- H.R. 9574. An act for the relief of Joseph J. Wojcik;
- H.R. 10449. An act for the relief of Camille Anita Dobson;
- H.R. 11395. An act to amend the National Capital Transportation Act of 1965 authorizing the prosecution of a transit development program for the National Capital region and to further the objectives of the act of July 14, 1960;
- H.R. 11565. An act to amend section 358 of the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of peanut acreage allotments;
- H.R. 12144. An act to clarify and otherwise amend the Meat Inspection Act, to provide for cooperation with appropriate State agencies with respect to State meat inspection programs, and for other purposes; and
- H.R. 12912. An act to give the consent of Congress to the State of Ohio to become a party to the agreement relating to bus taxation proration and reciprocity as set forth in title II of the act of April 14, 1965 (79 Stat. 60), and consented to by Congress in that act and in the acts of November 1, 1965 (79 Stat. 1157), and November 2, 1966 (80 Stat. 1156).

FED CONTINUES TO INFLATE THE MONEY SUPPLY AND PRICES

Mr. PROXMIRE. Mr. President, last week I warned the Senate that the Federal Reserve's easy money policy was contributing to inflationary pressures. For most of this year the Fed has been buying Federal securities through its open market operations in such large amounts that it has expanded the money supply at an estimated 8-percent annual rate. This contrasts with a 3.2-percent trend rate of growth from 1961 to 1965, and a slight decline in the money supply from April 1966 to January 1967.

While rapid expansion in the money supply is usually associated with declining interest rates, the experience of the past 2 years shows that the long term effects may be quite different from the short run effects. In the first few months of this year, the rapid growth of money did act to hold down interest

rates. However, by early spring this trend was reversed and interest rates began rising despite continued monetary ease. The reason for this change is simply that prolonged large increases in the money supply ultimately cause inflationary pressures and rising interest rates. People increase their demands for goods, services, and credit, and as credit demands rise market rates of interest respond through upward adjustment.

Although there have been reports recently indicating that the Federal Reserve was moderating its expansive open market policy, the Wall Street Journal reported last Friday that the Fed was still active in the open market. In the week ended last Wednesday, the Fed added \$506 million on a daily-average basis into the banking system through open market purchases in U.S. Government securities. Although this expansion was counteracted in part by an increase in required reserves, reflecting increased deposits, the expansive stance of the Fed appears largely unchanged. I think that continuation of this very expansive policy is harmful. I hope that the Fed will move toward a more moderate expansion of the money supply which would be sustainable and would bring a lower level of interest rates over the longer run.

Mr. President, I ask unanimous consent that the article from the Wall Street Journal be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FEDERAL RESERVE CONTINUED ACTIVE IN OPEN MARKET—IN WEEK ENDED WEDNESDAY, RESERVES OF COMMERCIAL BANKS NARROWED SOMEWHAT—NEW YORK BUSINESS LOANS UP

NEW YORK.—The Federal Reserve System continued to take strong action to stabilize money conditions in wake of last month's devaluation of the British pound, according to figures released yesterday by the New York Federal Reserve Bank.

The system injected \$506 million on a daily-average basis into banking channels through open-market purchases of U.S. Government securities in the week ended Wednesday, the figures showed.

But the reserve position of the nation's commercial banks narrowed somewhat in the statement week. Recent changes in bank reserves and other factors seemed to suggest that the Federal Reserve may have begun to move to a slightly less generous monetary policy from a policy of actively supplying funds to the banks earlier this year.

At the same time, the New York Federal Reserve Bank reported that commercial and industrial loans at major New York City banks jumped \$138 million in the week, the largest weekly gain since the middle of September.

In the previous week, New York business loans registered a \$3 million decline, while in the like 1966 week they were up \$12 million.

As of Wednesday, business loans at the 12 leading New York commercial banks totaled \$21,343,000,000, down \$330,000,000 from the middle of the year. A year earlier they totaled \$20,162,000,000, up \$98,000,000 from mid-1966.

Nationally, "free" reserves of the nation's commercial banks slipped to an average of \$228 million in the statement week, the Federal Reserve bank estimated, from \$255 million in the previous week. The prior week's figure was revised from an initial estimate of \$204 million.

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CONGRESSIONAL RECORD — SENATE

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The latest week's free reserve level represents the extent to which reserves held by many banks in excess of their requirements exceeded total borrowings by other banks that had to borrow to reach required reserve levels.

Principally contributing to the narrowing of free reserve was a \$267 million daily-average increase in required reserves, reflecting increased deposits. This counteracted in part the expansionary effect of a \$506 million daily-average increase in the Federal Reserve's holdings of U.S. Government securities. When the Federal Reserve buys securities it pumps money into the banking system because securities dealers are paid by check, which they deposit into their commercial bank accounts.

Free reserves are frequently used by bankers as a barometer of monetary policy. There have been signs that that policy has grown less easy than the vigorous expansion in effect since late last year. The Federal Reserve on Nov. 19 boosted to 4½% from 4% its discount rate, the fee it charges on loans to member commercial banks. But at that time, it stressed that it intended to make ample funds available to the banking system to help cushion U.S. markets from any devaluation shocks.

Bankers also observed that the nation's "money supply" lately has been expanding at a far less rapid pace than earlier this year. According to the Federal Reserve Bank of St. Louis, the money supply—the total of bank-checking deposits of individuals and business, and cash in public hands—averaged \$181.3 billion in the four weeks ended Nov. 29.

This was a 7.6% increase from a four-week span ended March 1, but only a 4.9% rise from a four-week period ended Aug. 30, the St. Louis Reserve bank said.

People who attach importance to money-supply statistics contend that a marked and sustained change in the trend of supplies ultimately augurs a change in economic activity.

Relaying other figures, the New York Federal Reserve Bank said commercial and industrial loans of Chicago banks decreased \$9 million in the statement week, following a \$34 million decline the prior week. In the like 1966 week, they were down \$44 million.

Since mid-year, Chicago business loans have shown a \$70 million cumulative decline, in contrast to a \$75 million cumulative gain in the year-earlier period.

HOPE FOR MEANINGFUL NEGOTIATIONS WITH VIETCONG AND NORTH VIETNAM IS IMPOSSIBLE

Mr. McGEE, Mr. President, Columnist Richard Wilson, in yesterday's Evening Star, told how captured enemy papers from Vietnam confirm the opinion that hoping for meaningful negotiations now with our adversaries—the Vietcong and North Vietnam—is hoping for the impossible. Negotiations, in the view of the Communists, means only one thing—establishment of a coalition government in Saigon in which the National Liberation Front would be dominant. In short, it means success, ultimately, for the Communist campaign to control South Vietnam. These are conditions which can only be termed unacceptable both to South Vietnam and to the United States of America, as well.

Mr. President, I ask unanimous consent that Mr. Wilson's column be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

CAPTURED PAPERS ON VIET RED GOALS CONVINCING

(By Richard Wilson)

The winter-spring offensive of the Communists in Vietnam has reached the halfway mark without notable success. The second half of the offensive is now beginning and its success or failure will become evident in February or March.

This is the story told in the avalanche of captured documents which are studied and analyzed in Saigon, at the Pentagon and at the White House. These documents, ranging from individual diaries to the entire battle plan for the winter-spring offensive of the 2nd North Vietnamese Division, are being translated at the rate of about 5,000 documents a month and have provided information on enemy plans and objectives on a scale without precedent.

If the documents are to be taken literally, and they are largely taken literally because they are confirmed by other intelligence, the North Vietnamese are now moving south substantial forces for the continuation of what the documents call the winter-spring offensive.

New pressure on Con Thien, Dak To, and in the highlands can be expected, with mounting casualties. A sweep deeper in the area below the demilitarized zone can also be expected, along with any pressure anywhere to draw U.S. and "puppet" (South Vietnam forces) out of areas where pacification is proceeding.

The Viet Cong and the North Vietnamese are still striving for a localized victory of the Dien Bien Phu type, the infliction of heavy casualties on American forces which will drive American public opinion along the road toward negotiation in a presidential election year. This seems to be the general goal of Communist strategy carried out through a variety of local and tactical operations.

Perhaps the most interesting story the documents tell, therefore, is the Communist conception of negotiations. There can be no mistake about this so far as Communist doctrine passed on down through the cadres and the political organization is concerned.

Negotiation means just one thing in this language, the creation of a coalition government which will be dominated by the National Liberation Front. The NLF is the southern wing of the Communist party of Vietnam called the Viet Cong and controlled in a complicated and well-structured organization from Hanoi.

Repeatedly and consistently the officers and men in the field, the political cadres, and the whole structure of the Viet Cong are told that a coalition government is the sole and exclusive aim of the war. The documents themselves are very convincing on this point when read by the untutored observer, and the skilled analysts at the White House arrive at the same conclusion.

The line is unvarying and persistent as the justification for military actions, and the instructions as late as October have even more strongly emphasized the imperative and controlling condition that the NLF shall be the dominating force in a coalition government in South Vietnam.

When these documents, in all their volume and variety, are read it can be wondered why anyone in the Senate or running for president could conceivably conclude that in negotiation as Americans think of the word lies the hope for a successful settlement of the war.

Negotiation on these terms would be an abject confession of defeat leaving the Hanoi-controlled National Liberation Front in charge of South Vietnam after the withdrawal of American forces.

Some of the analysts speculate that this continued harping on a negotiated settlement with the NLF dominant may be for

the purpose of preparing the Viet Cong political and military organization for a negotiated settlement in which the NLF will not actually be the dominant force in a coalition government. The constant repetition of the objective may be for the purpose of conditioning the Communist organization to think that any negotiation means per se that the NLF is dominant and thus that the North has won its objectives.

This kind of black-is-white doctrine is not unfamiliar in the Communist world, but it strains credulity to think that the political cadres could thus be deceived. The world, of course, would not be deceived.

What seems more likely is that the vast evidence of the captured documents means precisely what it says, negotiations under conditions which could not conceivably be accepted either by the government of the United States or of South Vietnam.

Nor would this objective seem likely to be abandoned before the conclusion of the winter-spring offensive, the last half of which is now getting under way and upon which the North relies so heavily.

In the first half of this offensive the Communists failed to take over Quang Tri City. They failed at Con Thien. They failed at Dak To. We shall now see if they fail in the second half, as they are likely to do, and what the effect of that will be.

Some of the oldest hands at this kind of thing—Henry Cabot Lodge, Maxwell Taylor, Dean Acheson—think that if the Communists do not soon have more success they will just fade away. None of them, knowing the Communist attitude toward negotiations, has any faith in negotiations.

SHOE REBUILDERS PLAN TRAINING PROGRAM

Mr. CLARK, Mr. President, I wish to inform Senators of a splendid, new, constructive organization, the National Master Shoe Rebuilders Association, recently formed in the Commonwealth of Pennsylvania.

This group, composed of the master shoe repair craftsmen, whose services we all use, is an outstanding example of the application of hands, hearts, and minds to an important and worthwhile purpose to serve the public welfare and good.

Looking to the future, and to an ever-increasing public need, the master shoe rebuilders are sponsoring training programs that will offer job opportunities for a potential 50,000 men and women.

In this connection, and while it is true that manual aptitude and an artist's eye are applied in this craft, its basic requirements easily are met, and its high skills acquired, by most men and women, either through formal vocational instruction, or by in-the-shop training.

The National Master Shoe Rebuilders Association programs cover both of these training approaches.

Significantly, a census initiated by the U.S. Department of Commerce in 1963, enumerated approximately nineteen thousand American shoe repair shops. This represented a decrease of more than 20 percent from the shoe repair shop census of 1958.

This decline in an essential personal service is attributed by the national association to the higher than average age of shoe repairmen. Further, the introduction of machinery and techniques of a time-and-labor-saving character permitted increased production by a comparatively smaller number of craftsmen.